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SUBJECT: GRP LAUNCHES CAMPAIGN AGAINST COMMUNIST INSURGENTS

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¶1. (SBU) Summary: In June 2006, President Gloria Macapagal Arroyo approved a new strategy for defeating Asia's longest-running communist insurgency by the Communist Party of the Philippines and its New People's Army (CPP/NPA). Under this plan, the Armed Forces of the Philippines (AFP), with a subsidiary role for the Philippine National Police (PNP), will launch multiple offensives to "eliminate" the NPA's People's Army in critical areas, including Central Luzon, Southern Luzon, parts of Northern Luzon, and the BicolSorsogon regionProvince. The new campaign will simultaneously seek socio-economic development, lack of which has fueled the Communist insurgency over almost forty years. U.S. experts working with the AFP on Philippine Defense Reform are so far convinced that the new anti-NPA campaign will not be a distraction. While total victory over the CPP/NPA in the foreseeable future remains unlikely, the new campaign could over the next couple of years contribute to improvements on the ground, although at the risk of higher AFP casualties that may be politically difficult to sustain, especially with elections due in May 2007.

End Summary.

"New" strategy

¶2. (U) The New People's Army (NPA), with an estimated strength of 7,400 members and 130 guerrilla fronts, continues to threaten the Philippines' internal security and impede economic development (reftel). In a Cabinet meeting in Isabela province on June 16, President Gloria Macapagal Arroyo rejected an estimate by the Department of National Defense of 10 years to defeat the communist insurgency as "too long," and set a target of two years instead. Under a "new" strategy entitled the Internal Security Operations (ISO) Oplan Bantay Laya, President Arroyo announced a special new budget allocation of P1 billion (approximately US\$18,870,000), effective immediately (ref A).

¶3. (U) According to media accounts, the AFP will receive P400 million (approximately \$7,550,000) of the new fund, primarily to purchase attack helicopters but also to fund overall anti-NPA military operations. The AFP reportedly has redeployed three Army battalions from Mindanao -- about 1,500 soldiers -- to areas in Luzon to assist in military operations against the NPA: the 3rd Infantry Battalion (IB) to Central Luzon and parts of Northern Luzon; the 4th IB to

Tanay, Rizal in Southern Luzon; and, the 9th IB to the Bicol regionProvince. The AFP has announced that an additional 3,000 troops now assigned to other duties (notably, security details of VIPs and other civilians) will also join the new campaigns.

14. (U) The PNP will receive P300 million (approximately \$5,660,000), reportedly mostly to beef up protection of and capabilities of police outposts in remote areas, but also to resume the counterinsurgency role in metro Manila of by its elite Special Acton Force (SAF).

15. (U) The remaining P300 million (approximately \$5,660,000) will be part of a major "hearts and minds" campaign, led by the AFP, to wean away remote and under-served parts of the Philippines from CPP and NPA control or influence. The still-unpassed 2006 budget had included special funding for a "500 barangays" project by the AFP with this same goalto this intent by the AFP; this funding could also become available if the Senate and Lower House approve a budget once the two houses of Congress resumes their sessions in late July. President Arroyo has also announced a plant to commit an additional P75 billion (approximately \$1,415,000,000) over the next three years to generate investment and development in Northern Luzon in particular.

16. (U) GRP leaders have separately also indicated a new effort to target CPP/NPA "sympathizers and financiers," stating publicly that anyone who provides comfort or aid to the insurgents will be subject to counterinsurgency operations. Leftists have already expressed concern that the AFP or PNP could go after local farmers already

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"squeezed" by the NPA's revolutionary taxes, possibly leading to an increase in extrajudicial killings allegedly involving security forces. However, GRP officials have claimed that they will also investigate and prosecute business firms that pay "revolutionary taxes" to the NPA, with the objective of restricting the flow of funds to the communist insurgents, although they have not publicly targeted the largest suspected "victims" - cell phone companies whose remote relay stations are often at risk if they do not pay up.

Comment

17. (SBU) The NPA indeed remains a deadly threat throughout the Philippines; its elimination would tangibly improve the prospects for peace and development nationwide. The NPA has suffered significant losses during the Lomlat-Bitag campaign in 1989-1993,, and have then resortedcommitted to traditional guerrilla tactics since their its reemergence in 1996 as a serious threat. Likewise, Due to with the designation by the U.S. and the EU as a Foreign Terrorist Organization, the CPP has had to adopted more diversifiedsophisticated methods to raise funds from their legal front support base, methods difficult if not impossible to prove evidentiary. The NPA havse also had to recommitted to Netherlands-based CPP leader Joma Sison's original strategy of being self-sufficient units, making them less easy targets for the AFP.Early campaigns have scattered NPA forces into ever-smaller operating units (making them more difficult targets for AFP or PNP offensives), while the listing of the CPP/NPA by the U.S. Government and EU as a Foreign Terrorist Organization has led to a major cutback on foreign funding, forcing the NPA into its current role as a serious extortion gang. Apart from the announced AFP troop redeployment from Central Mindanao (where observers sayth they were no longer needed), other elements of the new "strategy" remain vague,

with no clearer prospect for success than earlier campaigns. However, AFP programs with the U.S. Joint Special Operations Task Force-Philippines (JSTOF-P) in Mindanao and the Sulu Archipelago - notably in Basilan and now in Jolo - have enhanced the skills of AFP troops in conducting civil/humanitarian programs, which that could improve the likelihood of success in this larger "hearts and minds" campaign nationwide. U.S. experts working with the AFP on Philippine Defense Reform are so far convinced that the new anti-NPA campaign will not be a distraction from PDR initiatives, and actually reflect some of the priorities enunciated in the first-ever DND Defense Planning Guidance (DPG), DND planning guidelines issued in 2005. While total victory over the CPP/NPA in the foreseeable future remains unlikely, the new campaign could over the next couple of years contribute to improvements on the ground, although at the risk of higher AFP casualties that may be politically difficult to sustain, especially with elections due in May 2007.

KENNEY